

Region VII
Heartland States

Regulatory Enforcement Fairness
Roundtable

Cedar Rapids, Iowa
June 16, 2003

P R O C E E D I N G S

MS. STOCKDALE: (Inaudible) West Iowa, which is also very rural. The largest city to us is Sioux Falls, South Dakota, population of 100,000, about 85 miles to the west of (inaudible) Sioux City -- one hundred miles to the southwest.

(Inaudible) is a foundry. We melt metal and basically make widgets to send around the world to be assembled into tractors, (inaudible), (inaudible), grease guns, lawn mowers, etc.

I bought Northern (Inaudible) in 1983, in the middle of a depression in Iowa. The farm economy was in terrible shape. The company had three (inaudible) machines and six employees.

But the bankers and the (inaudible) decided to take a chance on a woman in an industry with no women, in a very (inaudible) intensive industry in the middle of very bad economic times. I'm very lucky I pulled that one off.

Today I employ 90 full-time and 10 part-time people and I am the largest employer in Lake (Inaudible). The years 2001 and 2002 were the best years of the company ever, so it was a (inaudible) economy. 2003 sales are off to a slow start, also -- are off to a good start, excuse me, also.

But, profit margins are very, very thin. We are constantly in a global pricing war, and we must be competitive with the world. That's why we try to stay technologically competitive.

We have a good workforce and we try to work smarter, not harder. We will never be able to compete with the \$1.00 an hour wages of some of our foreign competitors. To stay competitive we must recruit and keep good people.

In the past ten years, in order to keep our health care costs under control, we did a partial self-funding of our health plan. We pay two-thirds of the cost of single or family Blue Cross/Blue Shield premiums. We pay all the Delta Dental and all of the life insurance premiums. (Inaudible).

On the health care, we have \$1,000 and \$2,000 deductibles, which is actually a \$500 deductible, because we reimburse all employees, dollar for dollar, anything out of their pocket over \$500. This makes our plan a partially self-funded plan. We have been doing it for ten years.

As we all know, the costs of health insurance are

rising at great rates. With partial self-funding, Northern Iowa (Inaudible) has never had greater than an eight percent increase in its premiums in any given year. This year it's at five and a half percent. (Inaudible), that's very unusual.

Now we come with the new HIPPA regulations on privacy, which basically say we must adopt additional standards and jump through a lot of hoops. And basically they're telling us we probably can no longer have this plan.

We first started with the summary of final (inaudible) to the HIPPA privacy rule -- this is great, light reading of at least 25 pages -- (inaudible) with a memo from our health insurance agency telling us to go online to ask for an extension of our plan.

On the second page of this memo is the HIPPA starter checklist. Want to look through that -- they're free -- especially at the end where they say, make sure you get your attorney hired.

Next, there is an October 8, 2002, memo of our need to go online to register. It's six pages long of some pretty light reading, and we need to print out the form and instructions, which is another five pages long.

In the spring we were all invited to several seminars in Des Moines, 200 miles away to check into these additional privacy rules. Then we got -- since we did not attend, we got 11 pages of additional information that we need to hand out and do in order to continue our plan.

Another letter from our insurance agent basically said, you can't do your plan the way you want to anymore. And, of course, at the end of the letter, they say, (Inaudible) the attorney in consultation. Those attorneys are not cheap.

Now do you think our competitors in China, South America, or Europe are jumping through these regulatory hoops to keep benefits for their co-workers?

The alarming rate that small business are dropping coverage of health insurance for their employees should be enough of an outcry that the Department of Health and Human Services should go out of its way to make sure that the adoption of privacy rules are incredibly simple. It can be done. Manufacturers often have to think out of the box to stay alive. Can't Health and Human Services do that also?

Privacy can be handled at the large insurance companies level. If an employer wants to continue their self-funding, all we need is a statement that an employee has made a certain claim. We do not need to know any more details. We

don't need to have privacy officers and long, written plans.

Attending seminars, having meetings with lawyers and reading 60 pages of documents do not help U.S. small business stay competitive in the global economy. Give me a break. Thank you. Joanne Stockdale.

MR. BARRERA: Thank you, Joanne. We have been hearing a lot of issues regarding the HIPPA legislation that's gone on out there. It really has affected a lot of small businesses.

In fact, I was just in Minnesota. I was actually watching TV, and they had a whole series on how the HIPPA legislation is affecting small businesses, hospitals, pharmacies, small doctors. It is having an impact.

We are going to take this information back and send it to HHS and try to get some type of answer, or maybe send some information back to you. We want to make this a little easier for small businesses. I appreciate your comments, Joanne.

Okay, next we want to go to (inaudible) from Hal Masover. Are you there, Hal?

MR. MASOVER: Yes, I am. Can you hear me?

MR. BARRERA: Sure, we can. We can see you, too.

MR. MASOVER: I see. My name is Hal Masover. I run a small, modest brokerage (inaudible) futures corporation in Fairfield, Iowa, a town of 9,500.

I got started in the commodities business in 1986, by walking in the door of a commodity brokerage --futures brokerage by the name of International Trading Group.

After a couple of days in their trading session, I realized that this was a high-pressure, high commission business, and I wanted no part of it so I walked out.

About nine months later -- sometime later in 1987, I went to work for another firm, and eventually started my own small company, Crown Futures Corporation.

All during the period of 1986 to 1989, I was known as the anti-international trading group guy in our small town of Fairfield.

I felt that they were boiler room -- that they would eventually be put out of business by the regulators. My forecast proved to be correct, and in 1989 they were put out of business by the regulators.

What's happened now is that the National Futures Association, which is the self-regulatory body that operates

under the Commodities Futures Trading Commission, a federal agency parallel to the SEC, has come up with the rule, which I believe is a good rule, that says that if you have more than 40 percent of the brokers in your company that have previously worked for a company that has been put out of business for fraudulent sales practices, you are subject to extreme scrutiny.

That scrutiny involves the tape recording of all of your phone calls, logging them meticulously, saving those recordings for up to five years, two years accessible, and every piece of sales literature that we produce, must go through their agency for prior approval for use, including timely newsletters, which we can't get out of the agencies in any timely fashion.

Furthermore, we are clearly under the microscope. They clearly will use all of this information in an audit, and we can expect that audit anytime within the two-year period.

All of this is because I have a partner who did work at International Trading Group for two years, and I was in this company for a couple of days, nearly 17 years ago -- over 16 years ago.

Because we had a larger company, last year we lost brokers. As a result we went backwards into their threshold. We backed down to five brokers, two of which they say worked in offending firms.

We asked for a waiver. There is a procedure to ask for a waiver. We were denied the waiver. We presented testimony and letters of testimony from clients of ours, some of which have been clients of ours since we started in 1991. We presented all of our records and documents.

To some of the people who were on this call, thank you very much -- and also to the Small Business Administration.

The Small Business Administration accomplished something and I was overwhelmed with surprise. I cannot express enough gratitude to you folks. The Small Business Administration got the National Futures Association's rules changed.

Unfortunately, the change is one of these things that Michael said, we want to change an agency's attitude from 'gotcha' to 'how can I help you.'" Well, the change is another "gotcha."

Here's how they got me. According to the National Futures Association's records, which are inaccurate, they have me as working at the International Trading Group from March of 1987 through July of 1987, a four-month period. I wasn't there then. I was there in January of 1987 for just a few days.

But the National Futures Association accepts the records of a fraudulent company over my own testimony and the testimony of four former employees, the sworn testimony of four former employees that say that I was only there in January.

The change in the rules says that you don't count as part of the 40 percent of the brokers in the company if you worked at that company -- at the fraudulent company more than 10 years ago for a period of 60 days or less.

Now, they made that rule change knowing my case. So my first point about "gotcha" is, since they knew my case, and since they go by their records of employment and they say I was there four months, it's pretty clear to me that they deliberately made this a period of 60 days so I wouldn't qualify.

I stand here today, both with gratitude and frustration, because we've been successful but it doesn't do me any good. Thank you.

MR. SORUM: Al, this is Peter Sorum. I'm the guy that you've been talking to and I appreciate your coming to testify today.

I'm a senior advisor to the National Ombudsman, and I've been working on Hal's case. And Hal, as you know, in the last paragraph of the letter they gave you a little bit of a window. We're still going to try and open that enough so that you can get to where you need to be.

Your testimony here today has just added some more information to our collection to forward to the agency. I thank you very much for being with us today.

I'd like to now call on Paul Kinyon who is going to read into the record testimony from someone who is unable to be with us today.

MR. KINYON: I have a letter here from Larry Mefferd. He's the president of Recycle Aerosols, Inc., located in Lawrence, Iowa, which is in Pocahontas County in northwest Iowa. His letter is dated June 12, 2003, and is addressed to Michael Barrera.

"Dear Mr. Barrera: Thank you for your time and this opportunity to express our opinion about small business affairs. We appreciate your office and representatives helping us to wade through the regulatory issues that face all small businesses.

Our frustration on the regulatory compliance issues is a continual concern throughout our day. Excessive regulations dominate the world of small business and hamper the growth and initiative to expand operations to employ more people.

Our main concern has been with the new technology that we have developed to recycle all types of aerosol cans.

The current EPA/RCRA rules have not been able to address this technology successfully and, in turn, have put, in our opinion, unnecessary delays and misdirection from the regulation itself.

It is mentally and financially very difficult to continue with the uncertainty that we could be shut down by the interpretation of complex regulations that were written before our technology was in existence.

We have made every effort to comply with any regulation that is directly relative to our operations. However, as we have numerously pointed out to the EPA, the process that we've developed doesn't seem to be addressed in the RCRA rules.

We have been trying to resolve the issues before us, and with your continued help and interest, we feel we can accomplish the task.

We are not sure the regulatory personnel understand that the requests and rules that they interpret have a direct financial burden on all small business.

As you are aware, small business does not have the direct resources to deal with such issues. The strain that develops from such activity will force many small businesses to simply give up and forget about trying to deal with all potential compliance issues, not only the EPA, but of all regulatory functions of our federal and state governments.

This nation was built on entrepreneurs that strive to develop better ways to do things and generally improve the standard of living that God has blessed us with.

It is great to have President Bush and his leadership that he has selected, to have an impact on the morals of the United States and influence the thoughts of the world. We should all be thankful that he has demonstrated his belief in God's direction in the way he is representing our great nation. Sincerely, Larry Mefferd, President, Recycle Aerosols, Inc.

MR. BARRERA: Thank you, Paul. Let's next go to Dan Morgan.

MR. MORGAN: Yes, I'm here. Are you ready?

MR. BARRERA: Sure, yes.

MR. MORGAN: We are a family-owned and operated ranch located in the (Inaudible) Hills of Nebraska. We market our cattle in as many meat markets as we can locate, from

purebred feed-stock, to show steers, to bull replacement (inaudible) females, to meat directly to consumers at fine dining restaurants in the United States, Montreal and Japan.

Before the year 2000, we also exported to Europe. So that's (inaudible) of the operations.

The USDA developed a program called NHTC, Non-Hormone Treated Cattle.

MR. BARRERA: Hey, Dan, we can't see you. Dan, we cannot see you.

MR. MORGAN: That's alright (inaudible).

(Laughter)

MR. BARRERA: Well, we don't mind if you don't.

(Laughter)

MR. MORGAN: Okay, how about this?

MR. BARRERA: No, still can't see you. (Inaudible) camera.

MALE SPEAKER: Zoom this camera out.

MR. BARRERA: Either zoom the camera out or (inaudible).

MALE SPEAKER: (Off mike).

MR. BARRERA: Or move over to the gentleman in the white shirt. There you go. There we go.

MALE SPEAKER: (Off mike).

MR. MORGAN: Anyway, where was I? The USDA developed this program called NHTC, Non-Hormone Treated Cattle, in the year 2000.

This program was developed to satisfy European demands. Basically, it calls for an animal identification system (inaudible) to the ranch and the cow, feeding of no banned substances, and a paper trail -- animal health and a feeding paper trail from birth to harvest.

Individual ranches and feedlots submit manuals, request an audit by USDA/AMS and (inaudible). You are subjected to a yearly on-site audit to remain in the program. Your name is listed on an Internet site as an approved source of cows.

We joined the program in 2000. A neighbor, who was in the cattle feeding business plus raising cattle, also joined the program.

We now have a complete set-up with both producer and feeding operations. Between both operations we have placed

around 1,000 head of cattle, each year, into the program. (Inaudible) cattle at scheduled times of the year so that we have constant source of ready cattle for a prospective customer.

Even though this should be a good market for producers like us, not one animal has been sold through the program. But we have continued to participate and finally, a prospective customer surfaces. The first scheduled shipment of 20 head of cattle for harvest is scheduled for between April 7 and April 10.

On March 24 of the year 2003, Morgan Ranch and the M&R Cattle Company received a call from the USDA/AMS who have scheduled us for an unannounced audit to be done the next day on March 25.

Two officers will arrive to look at the operation and manuals. One auditor is flying in from Dallas, Texas, and the other from Logansport, Indiana. The auditors will look at the cattle, manuals, feed testing procedures, et cetera.

No big problem. We were asked to change some of the wording in the manual, remove the name Gold Lake Tag, because we had changed tagging companies when the cap dropped in 2002 and 2003.

The cow crop in 2000 and 2001 had been tagged with an NHTC-approved tag from Gold Lake. Since the inventory of tags was depleted, we changed to a private tag that was/is more usable for our operation. The tag is approved by NHTC.

We also must have a letter from a tag manufacturer stating that he would not sell a tag that says Morgan Ranch, (inaudible) Nebraska to any other person.

We, Morgan Ranch, had not tagged the balance of cow crop 2002 with this new tag. The cap crop (inaudible) have their individual birth tags. Cow crop 2003 is just beginning. (Inaudible) are not tagged, but the new arrivals are being tagged as soon as possible after birth according to operational manual procedures.

The M&R manual has the same problem, meaning it needs a letter from a tag manufacturer. M&R has not removed from their manual that they now have an annual management review.

Plus, the manual states that the original shipping documents accompany each load of cattle, and the office maintains a copy. Of course, since no cattle has been sold, that was a referral to (inaudible) document, whether it be a copy or an original.

The auditors then leave and verbally state that there are no serious problems, serious enough to warrant any further

action on their part and that we had passed the audit. They asked that we fax copies of the changes to our manuals as soon as we make the corrections.

They found no problems with our feeding and testing procedures, animal health procedures, and other documentation was also acceptable.

Finally, the cattle that are in the feedlot, and scheduled to be harvested for our initial sale have now been inspected and audited five times in their life with never any problems.

In less than one week's time, we have tagged all the new calves, made all the necessary changes to the manual, sent documentation of everything, and copies of the new manuals to USDA/AMS. It would appear that we have passed our surprise audit and are now in complete regulatory compliance.

On April 1, 2003, I received a call from the onsite auditor and a Fed Ex letter from Mr. Jim Riva at USDA/AMS, Washington, D.C. Mr. Riva is the superior of the onsite auditors.

Mr. Riva had made the decision to override the onsite auditors passing grade and place both our operations and M&R on a hold list, removing us from the list of NHTC-approved suppliers for non-compliance.

The practical effect of this decision was to make it impossible for us to sell, move, or transfer any cattle. To re-enter the program, we are asked to submit new manuals and subject ourselves to another onsite audit.

Even though the changes that were requested by the previous auditors only have practical implications on animals that would not be scheduled for harvest for at least another 18 months to two years, we lost the ability to sell those cattle that were scheduled to be harvested within one week, which had been inspected five times.

I immediately hired legal counsel in Washington, D.C. to represent us. Because of the perishable nature of our product, it was of utmost importance that we become re-approved as soon as possible.

Our legal counsel met with USDA/AMS officials. They examined and hand delivered our new manuals. Still the USDA/AMS would do nothing to speed up the process.

Finally, on May 28, 2003, nearly two months after Mr. Jim Riva overturned the decision of our previous auditors, an auditor from Dallas, Texas flew to Nebraska. He spent the entire day at the Morgan Ranch and M&R (Inaudible) Company.

Upon completion of the audit, he said he would recommend we be reinstated. Two weeks later, our names now appear on the approved list of the USDA/AMS website. However, we still have never received an official letter from USDA regarding our reinstatement.

The USDA has, once again, acted in flagrant disregard of SBREFA. In fact, not one single employee of USDA that I have asked, had ever heard of SBREFA.

Because of their negligent management of the NHTC program, they have caused considerable damage to us, and the cattle industry in general.

The process we were forced to endure took eight weeks, and in that time we have lost our first and only European customer. The 20 head that were scheduled to be sold, had to be disposed of in the commodities market, where we were unable to recoup our original estimate.

Cattle are a very perishable product when they reach harvest weight. Because of the time involved, we had to continue feeding this set of cattle beyond their optimal harvest point, which cost us extra feed and also caused us to be discounted in the market.

Our credibility as a reliable supplier has been severely damaged. In our line of business, and with the sensitive nature of the market we are trying to penetrate, credibility is our most important asset.

The credibility of the U.S. cattle industry, the ability to (inaudible) out a regulatory system that guarantees hormone-free beef has been harmed by the mismanagement of that regulatory system by USDA.

We have spent thousands of dollars on audits to remain in the program, but our only problem occurred one week before the first shipment, a striking coincidence.

We have also spent thousands of dollars on attorney's fees, communication fees, and miscellaneous expenses in our quest to speed up our reinstatement.

When the final bills come in regarding our expenses, and costs, and lost revenues because of USDA's failure to manage the NHTC program in line with SBREFA standards, we expect the whole damage to be more than \$1 million.

I suggest that the USDA should be taken to task for their unwarranted, excessive, and unprofessional behavior. Thank you very much.

MR. BARRERA: Dan, have you talked to anyone -- can you hear me, Dan?

MR. MORGAN: (Inaudible).

MR. BARRERA: Have you ever talked to anyone from USDA why they (inaudible) a week before you were supposed to have harvested?

MR. MORGAN: I am not a conspiracy theorist.

(Laughter)

There are a number of potential conspiracy theories floating around there. One of them -- but I cannot substantiate any of them.

We have asked a couple of questions. The auditors just throw up their hands and say, oh no, no, no, that's not true. But, the coincidences are certainly troubling to me.

MALE SPEAKER: Have you ever been inspected before this initial inspection started? Have you worked with AMS before?

MR. MORGAN: Oh, yes, we've worked with them a number of times. In fact, a week prior to this unannounced audit, I had called Mr. Riva in Washington, D.C., and asked him a question.

One of the reasons not many people are participating in this program is because it's first of all, very costly and difficult, and other ranchers just won't put up with it.

So I had called to ask if perhaps there could be a way where we could say, the Morgan Ranch manual is for Morgan Ranch cattle. We then, would go out and lease a cowherd from whomever we wish to do business with so that we could increase the numbers of cattle involved in the program.

I had called and asked him that question. He said, no, that he would have to write some stuff up, (inaudible) the actual language, et cetera, et cetera.

And not one time did he say -- in the conversation did he say, there was going to be an audit coming in, you better get your ducks in a row.

If we were seriously in noncompliance with the program, meaning that we had failed any feed testing procedures and we had co-mingled cattle that were ineligible for the program, I would then have no real grounds to stand on.

But when you're talking about removal of one word from a manual and some extreme nit-picky issues within the manual -- the USDA had already approved the manuals in three previous audits, that's when I become upset.

MALE SPEAKER: Did you ever ask them why -- after

the field auditors actually came to your place, I guess, five times and they approved you those five times, why they were overridden by Mr. Rivas' office?

MR. MORGAN: I think there's a term that's used with people in the regulatory businesses called the rogue inspector. It's flagrant abuse of governmental authority. And this guy, for whatever reason, decided he didn't want to work with us.

MALE SPEAKER: Okay.

MR. BARRERA: Dan was just recently retired from our Regulatory Fairness Board. Dan has actually brought issues before our Regulatory Fairness Board, which was very helpful.

He worked with us in our (Inaudible) type of regulations. This had to do with manuals that small business meat producers were developing and they felt, at that time, that the USDA was not helpful -- a different part of USDA was not helping these small businesses come into compliance. Dan brought that to our attention.

I think we've seen a lot better cooperation between the two sides, so what Dan has done has been very, very helpful. And, Dan, we do appreciate this. We will definitely look into this for you.

MR. MORGAN: I will be submitting a formal complaint charge. I had not contacted the senators and your office during this process because I thought we could get a quicker turnaround if I went directly with our own legal counsel. I would say that that was not the proper strategy to take now that we were tagged for two months.

You'll be hearing a lot from me. We will see if we can make certain that this does not happen to anyone else.

MR. BARRERA: You said that this cost you about \$1 million you believe?

MR. MORGAN: By the time we get through. But all of a sudden another cow crop is gone and we did not have a chance to satisfy that market over there.

To establish a pipeline of products so that when you're talking to a potential customer, that customer knows that he's going to be able to receive products on a monthly basis means that we must plan three years in advance in order to have that pipeline established. If I breed a cow today, it's three years before I know if I've made the correct decision.

So, we lost that first customer. Even though it only sounds like 20 head of cattle for this first month, well how about the next month and how about the third month?

When we are finally able to get the market penetrated, all of a sudden there's a wonderful market out there for (inaudible) producers, (inaudible) again, right now.

MR. BARRERA: Dan, thanks a lot. We appreciate it.

MR. MORGAN: Okay, thank you.

MR. BARRERA: We're going to switch over to Des Moines. We're going to hear testimony from Nancy Robinson.

MALE SPEAKER: (Inaudible), Nancy Robinson (inaudible). We do have a representative here from (inaudible), and we also have a representative here from Senator Harkin's office. (Inaudible) make comments about (inaudible).

MR. BARRERA: Thank you, Clark. First of all, Nancy, you came up from Topeka or Kansas City?

MS. ROBINSON: Kansas City.

MR. BARRERA: Okay, Kansas City. Welcome.

MS. ROBINSON: Thank you. Thank you for the opportunity to voice the concerns of hundreds of small business owners operating livestock option markets throughout the United States, relative certainly to the issues at hand today, excessive regulatory enforcement of our businesses.

I am Nancy Robinson, Vice-President for Government and Industry affairs for the Livestock Marketing Association. LMA is a national trade association representing nearly 800 livestock option markets and livestock dealers.

For those unfamiliar with livestock markets, our businesses provide a competitive outlet for tens of thousands of livestock producers who consign their livestock for sale, (inaudible) operations, feed lots and (inaudible). Most of our consigners today are cattle producers with 30 to 200 head.

While livestock marketing is rapidly changing, we remain the center of the competitive cash market where a price is established every day in livestock option markets across this land.

Not only are those marketing businesses important to the American farmer and producer, they also pump thousands of dollars into the many small, rural communities in which they do business.

We were encouraged by Wendell Bailey, SBA Region VII advocate, to speak to you today about a couple of regulatory issues of particular concern to our marketing businesses, and I want to thank him for his efforts in this regard.

My statement relates to two areas of regulatory

enforcement that have the potential of being very costly to our businesses and their future economic viability.

They are the concentrated animal feeding operation rules, that's CAFO as they are often known, established by EPA for pollution control at feedlots, and (inaudible) the regulations implementing the country of origin labeling requirements provided for in the 2002 Farm Bill.

The updated CAFO rules released by EPA last December, provide for national pollution discharge elimination systems permits and technical requirements necessary to manage the newer and pollution discharge for production areas at the largest feedlots, (inaudible) and swine operations in waters of the United States.

While livestock markets are not production areas, the EPA has broadly interpreted the definition of an animal feeding operation to include us, which is the crux of the problem with the CAFO rules.

For many years, LMA has attempted to get the EPA to address the differences between a feedlot, for which the CAFO rules were intended, and an intermittent, non-producing livestock option market. Unfortunately, we have been unsuccessful to date.

Livestock option markets are unique in size, scope, and operation from an animal feeding operation. Livestock markets operate very intermittently, typically one to two days a week, versus a production facility such as a feedlot or dairy, that operates nearly continuously year around.

The majority of livestock at a market are onsite for less than 12 hours, and very few of the animals more than 24 hours. Unlike feedlots, livestock market operations usually have a significant portion of their pens, 50 to 80 percent, under roof. As a result, there is very little if any, water that comes into contact with animal waste.

Lastly, markets are materially different from feedlots in that animal (inaudible) consignments at the market often get little or no water or feed rations at all, depending on how long they are at the market.

Therefore, manure generated by cattle maintained at a market once or twice a week for two hours, is considerably less than that produced by those same cattle at a feedlot, where they are fed seven days a week during the duration of their time, typically 120 days.

Given the unique operational nature of livestock markets, and the types and numbers of livestock typically

maintained at an auction yard over a 24 hour period, intermittent non-producing livestock market facilities should not be treated the same as feedlots, either by definition or under the MPDES permit requirements.

Continuing to regulate these very different sectors of the livestock industry as though they were operationally the same, unfairly penalizes our industry and can be expected to have a number of undesirable results, including huge costs for small businesses that present minimal or no risk to the environment, exposure to legal actions, and the enormous costs of litigation and forcing markets to close and removing an (inaudible) source of jobs, tax base and resources in small communities and states.

On the subject of the country of origin labeling or COOL (inaudible), LMA wishes to express that the final rules implementing the mandatory COOL program, will be simple to comply with at the production and marketing level, as well as cost effective for our consigners and our marketing operations.

County of origin labeling for certain commodities, including beef, pork, and lamb meat products was passed by the U.S. Congress as part of the 2002 farm bill.

Under the COOL (inaudible), the Secretary of Agriculture is required to implement a mandatory country of origin labeling program at the final point of retail sales for beef, lamb, pork, fish, shellfish, perishable agricultural commodities, and peanuts, after a two-year voluntary program. That mandatory program goes into effect September 2004.

Only meat from animals exclusively born, raised, and slaughtered in the United States is eligible for a USA label.

LMA members strongly support COOL. We support it because we support U.S. producers, and U.S. producers want COOL because it can establish a brand for their superior meat products for U.S. consumers.

We believe the mandatory COOL program can be implemented with little additional cost or overly burdensome record keeping for U.S. producers and livestock marketers.

However, because of recent statements to the contrary, opponents to COOL, and certain USDA officials, many questions still remain about the implementation of the mandatory programs.

The best, most efficient way for USDA's Agricultural Marketing Service to minimize the regulatory burden on producers and marketers would be for all imported animals to retain their country of origin through to slaughter.

All livestock without this country of origin

identifying information, would be considered born and raised in the USA, which we are typically calling "presumption of U.S. born and raised."

With this system of identifying the country of origin for imported cattle, it would eliminate much of the burden on U.S. producers who overwhelmingly raise cattle born in the United States. Also, it would make producers' certification, (inaudible) transfer the record-keeping burden from the producers of the livestock markets largely unnecessary.

As for animals existing in the U.S. before implementation of COOL, and without country of origin markings, the only reasonable approach is to (inaudible) affecting their value. To do otherwise, would allow the devaluation of hundreds of thousands of animals (inaudible).

MALE SPEAKER: (Inaudible) tell her we can't hear her.

MR. BARRERA: We can't hear you. Can you repeat about the last paragraph, because it went out?

MS. ROBINSON: Okay.

MR. BARRERA: Okay.

MS. ROBINSON: As for animals existing in the U.S. before the implementation of COOL and without country of origin markings, the only reasonable approach is to grandfather them in to avoid affecting their value.

To do otherwise would allow the devaluation of hundreds of thousands of animals. (Inaudible) economic (inaudible) against U.S. producers would be unconscionable.

Lastly, COOL (inaudible) by maintaining the country of origin and imported livestock would take care of any need for a national I.D. system, at least for the purposes of COOL. COOL will provide the American consumer with the information they want and need about the source of their food.

USDA should not take what could be a very significant boost for U.S.-produced commodities and turn it into a record-keeping, costly monstrosity intended to fail.

After hearing of Mr. Morgan's example of dealing with the non-hormone treatment program, I'm very, very concerned about the ability of Ag. Marketing Service to implement and enforce COOL, given that example.

Thank you again for giving livestock marketing businesses a chance to comment on regulatory enforcement issues central to our continued financial well being as small business owners.

MR. BARRERA: How many members does LMA have?

MS. ROBINSON: Eight hundred livestock market members and dealers throughout the United States and probably half a dozen members in Canada. There are about 1,400 markets throughout the United States that are registered.

MR. BARRERA: It's funny, on the COOL legislation you were talking about, you mentioned some of the concerns by a lot of other folks about some of the paperwork they were worried about.

We've been hearing testimony from small grocers in Nashville and other areas that they were concerned about COOL, about the burden it will impose on them.

You mentioned that we need to be careful about what regulations do come up with that because (inaudible) will put them out of business. You had a comment on that. You did recognize that. We have to be careful about what we actually implement on this.

MS. ROBINSON: Well certainly as far as producers, there could very well be a huge record-keeping burden if the AMS/USDA does not adopt the presumption of USA origin by (inaudible) maintaining the identification of imported animals through slaughter.

As far as the grocers, I'm sure this is an issue of great concern to them as well. For small grocers, what I understand is they would be able to fit just a simple sign in front of the fruits or vegetables that are at their grocery markets. As far as meat, I would expect most of that will be labeled as it comes to them from the (inaudible).

MR. BARRERA: Okay. We do appreciate your coming.

Clark, I think we had some testimony from you. I do want to mention that Clark Stewart was the former Chair of this region and has been serving on the Board for going on three years now. Clark?

MR. STEWART: That's right.

MR. BARRERA: We do appreciate your coming up from (Inaudible), which is a suburb of Kansas City, my hometown. Clark.

MR. STEWART: Can you hear me, Michael?

MR. BARRERA: Yes, I can.

MR. STEWART: I'm here on behalf of Campbell Oil Company, Inc., (inaudible) in Ames, Iowa. The phone number is 515-232-6011, and I'm speaking for Les J. Campbell. I believe he must be the owner and operator of this wholesale/retail fuel

distributor of some type.

"Campbell Oil Company is a small business employing approximately 45 people. For the second year in a row, I am required by the Department of Energy to file a monthly EIA-7815 report concerning our gasoline diesel fuel, fuel oil and propane sales prices. This is the second time in the past few years we have been randomly selected.

Since we are a small company, and since our other employees are working as hard as they can, it falls to me to complete this report. I already put in 70 hours per week. To complete this report is another (inaudible) hours I don't have, being 70 years old.

It seems to me that either we have a free enterprise system and we (inaudible) to the price of goods, or we should just turn the system over to the government.

My time would be (inaudible) more properly spent with our grandchildren, teaching them the value of honesty and hard work I grew up learning as a young man on the farm. Surely the money spent on this (inaudible) could be more wisely spent on reducing the budget and/or financing the war.

My identity and the identity of my small business may be disclosed only to the Office of the Ombudsman and the Regional Fairness Board.

The reference of this information has been provided to the Department of Energy on April 25, 2003. This information has also been provided to Senator Grassley's office and referred to the National Ombudsman's office." That completes that particular item.

Michael, we should congratulate Ms. Stockdale who is the Iowa Small Business Person of the Year for the SBA, before we give it up, and thank the Iowa National Ombudsman for his presence here with me today, for such fine facilities here in Des Moines.

MR. BARRERA: Ruben actually has -- the Ombudsman there in Iowa to say a couple of remarks at the conclusion of this, as well as Wendell Bailey who is there.

You're right -- Joanne, are you still around? There she is, she's coming back. Joanne you just got congratulated as the small businessperson of the year in the state of Iowa.

I'm sure everybody here in Cedar Rapids and throughout the state -- all your congressional representatives are here to congratulate you on your great achievement. Thank you, thank you, Joanne. Do you have anything to say, any kind of acceptance speech?

(Laughter)

MS. STOCKDALE: No, except it was a real honor, and it's so great to see Clark and Dan, who I've worked with for several years on small business regulatory reform. Hi, guys.

MR. BARRERA: We're glad you're here. Okay, we're now going to bring it back to Cedar Rapids. We're going to hear testimony from Norm Helmke.

MR. HELMKE: Good afternoon. My name is Norman Helmke, and I'm president of the National Association of Trailer Manufacturers.

I'm here today to testify about the impact on our members of the early warning rule issued by the National Highway Traffic Safety Administration, or NHTSA, as it's commonly referred to, as proscribed by the Transportation Recall Enhancement Accountability and Documentation Act, also known as the TREAD Act.

NATM is a national, nationwide trade association. Its members manufacture small to medium-sized trailers, under 26,000 pounds of GVWR. An example of that would be a horse trailer, small utility trailer, livestock trailers that you see on our highways here throughout the mid-west and all over the country. Its 365 manufacturing members are predominantly small business entities under SBA's criteria.

If they produce 500 or more trailers per year, NHTSA treats them as large manufacturers under its new early warning, or EWR rule, promulgated as a final regulation on July 10, 2002.

Those classified as large manufacturers under NHTSA's definition, must compile burdensome records of consumer complaints, accidents or (inaudible) claims or field reports implicating their trailers.

They must start coding the information in an NHTSA proscribed format starting July 1, 2003. They must electronically report that collected data to NHTSA every quarter on an NHTSA-specified excel spreadsheet template.

NHTSA claims it needs this information, and identical information from manufacturers of automobiles and other types of motor vehicles in order to have advanced warning of any safety-related defects in the motor vehicle, its tires, or its components that could result in rash of serious accidents.

NHTSA estimates that to gear up to comply with this EWR rule, the cost is \$237,000 per company. Several of our own member companies have confirmed similar costs to establish their own start-up compliance systems.

NHTSA estimates the annual cost to maintain these new

record-keeping systems to continue to file EWR reports is \$10,000 per company. Industry estimates put that annual cost at \$145,000 per company.

There are approximately 2,000 companies nationwide engaged in manufacturing small to medium-sized trailers, that are classified as large manufacturers under NHTSA's EWR definition.

That definition of large captures 58 percent of this segment of the trailer industry. Of these 2,000 large manufacturers, approximately 96 percent are small business entities under the SBA criteria. Few, if any, can afford the one quarter million dollars necessary to comply effectively with NHTSA's EWR regulations.

The country's economic downturn during the past two years has crippled the trailer industry, leaving it cash-strapped or marginal at best.

Compounding the economic woes of the small to medium-sized trailer industry are two competing factors; the threat of civil and criminal penalties for non-compliance and widespread public obscurity of the new EWR rule.

The TREAD Act provides for civil fines of up to \$5,000 per day, per violation, for each day the trailer manufacturer's quarterly or EWR report is late, up to a maximum of \$15 million. The first quarter report is due December 1, 2003.

While NATM has educated its members about the EWR requirements and the penalties for non-compliance, NATM represents only 167 of the approximately 2,000 large trailer manufacturers in the country.

Of the remaining large manufacturers, only a handful belong to trade associations like NATM that regularly track NHTSA's rule-making efforts. Unless they happen to read the Federal Register, the vast majority do not know, and will have no way of knowing about NHTSA's new EWR rule.

NHTSA admits that it has in place, neither an educational outreach program to inform the trailer industry beyond publication in the Federal Register, nor an enforcement mechanism to pursue the ignorant and those who choose to ignore the rule.

These two voids leave NATMs complying manufacturing members at a distinct, competitive disadvantage.

We believe that NHTSA seriously underestimated the number of trailer manufacturers that exist in the country, and the number of those who will be required to report as large manufacturers.

NATM is seriously concerned about NHTSA's willingness and ability to enforce the rule equitably and, across the board, a large number of manufacturers do not, and will not know about it, and therefore will not comply.

Because of the tremendous cost to comply, many of those will simply choose to ignore the EWR. A rule that cannot uniformly be enforced is not a good rule. Thank you for your time.

MALE SPEAKER: When you say large trailer manufacturers, I just want to be sure we're clear on that. Do you mean these are small businesses that make large trailers or are they large businesses?

MR. HELMKE: No, sir, no, sir. The criteria are -- the definition of large manufacturers -- there are two classifications.

Currently, NHTSA's threshold to classify an entity or business as a large trailer manufacturer is the production of more than 500 vehicles -- individual trailers per year.

It does not take a large number of employees. A lot of our smaller members that build small utility type trailers can build several thousand trailers a year. So, it impacts companies that have very limited IT infrastructure and that type of stuff.

The requirements to report this information -- it has to be done electronically. There is no option for doing it on a manual basis.

Just the information collection for this type of stuff is the burdensome issue here -- just the cost to set that stuff up, a lot of our smaller companies simply don't have that.

Companies that produce less than 500 vehicles per year have a different set of criteria. They still have to report but they have to report only deaths attributed to defects in their product.

MR. BARRERA: Thank you. Does anybody have any questions? I believe you have a member of your (inaudible) to testify.

MR. HELMKE: Yes, I do. I'd like to introduce Brad Hemming from Kiefer Build up in (Inaudible), Iowa. He is one of our small business members.

MR. HEMMING: Thank you, Norm. Good afternoon. My name is Brad Hemming and I'm with Kiefer Build, LLC. I'm here today to testify about the impact of the Early Warning Reporting, part of the TREAD Act.

Kiefer Build is a small business. We were founded in 1974, and we employ about 190 people. We build small trailers and a small trailer to us is a trailer that is less than 26,000 gross vehicle weight rating.

With the trailers we build, we will haul your horses and we'll haul your livestock. We build enclosed trailers for the (inaudible), and for the construction company we build flatbeds to haul your firewood and to haul your (inaudible) tractors.

But we do build over 3,000 trailers a year, so according to the early warning reporting, we are a large manufacturer.

The last few years have been extremely hard times for the trailer industry. As a small business, we have limited resources so we need to pick our battles very carefully.

The guidelines we use in these tough economic times are -- we fund projects that are going to increase our sales, are going to lower our costs, or help keep our workforce intact.

As we were aware of the early warning reporting, this got to be a project that we had to fund and had to pay attention to. We at Kiefer Build have spent the time, and the money, and the resources to comply.

The fact that we are a large trailer manufacturer according to EWR -- we feel we could have placed our resources in a lot better places.

I have spoken unofficially with many people in the trailer industry. Many of those who do not have ties to any association at all, are not familiar at all with the early warning rule. They ask me, where do we get this information? I guide them to the Federal Register and to the NHTSA website.

As a small businessperson, I do not have the time each day to dig through the Federal Register to find out what rules are going to impact me. I just don't have the time.

Other people that I talk to know of the rule and they plan not to comply. The feeling is that with the economic times the way they are, and with the narrow, slim margins they have, they simply cannot afford to comply. This is a very dangerous gamble for these companies because the fines, as Norm said, are \$5,000 a day for non-compliance. (Inaudible) got it.

I can go out of business today by doing all the work to comply, or I may go out of business if I'm caught tomorrow for not complying. This gives these people who don't comply quite an edge over the people who are going to comply with this issue.

I've been in the trailer business over 27 years now. I've also been associated with the NATM for the last four years.

As an association, we at NATM look at the TREAD Act. And as a whole, the key to the TREAD Act is safety and NATM is really buying the safety issue. It's kind of the cornerstone of the NATM.

So when we first got the original data on the TREAD Act, we dug through the NHTSA data and we looked at the accidents caused by our types of trailers. These are trailers under 26,000 GVW. We found that about three percent of these trailers were involved in accidents. To me, a pretty small figure.

My experience at Kiefer Build is that within these three percent of the trailers that are involved in accidents, these are not due to trailer manufacturing defects but, sadly, operator error. We have people that don't couple their trailers properly, don't use their safety (inaudible) properly, overload the trailer, don't hook-up their gates.

These are the types of issues we see in our business. Will this type of information really make NHTSA better qualified to govern our industry? I really doubt it.

Basically, in conclusion, the early warning reporting really misses the mark. I don't think NHTSA is going to get a lot from the information that we send in. Many of our manufacturers out there know nothing about the ruling, so they aren't going to turn in any information.

It's a hardship to comply with this. There is a lot of detail, a lot of work involved, and it's going to be a hardship for us to comply, and the penalties are going to be awesome for the people who don't comply. It is a ruling that is hurting many good small businesses here in Iowa and all over the Midwest.

Basically, my one simple request is, that as far as I'm concerned that we should be treated -- the people under 26,000 gross vehicle weight rating trailers should be treated as small manufacturers compared to large. That would take a lot of the burden off of us.

I think we do stand behind the TREAD Act and what it represents. All we ask is for some relief from some of the reporting. Thank you.

MR. BARRERA: Thank you. That concludes the testimony that we had listed. I'm not sure if we have any walk-in testimony from anywhere, or even here in Cedar Rapids. Anybody that would like to testify (inaudible)? Anybody? Okay.

To make these things work, we have to have cooperation not only from the small businesses but also from the federal agencies.

We actually have some federal agencies here that I want to introduce. I'm not sure if we have any in other locations, but we'll start here in Cedar Rapids. Do we have any federal agencies here that want to come up?

MALE SPEAKER: (Off mike).

MR. BARRERA: Please come up and introduce yourself and talk about any types of programs you may have. We actually have an OSHA person.

FEMALE SPEAKER: I'm (Inaudible), the area Director for OSHA in Des Moines, and I'm just here to see if anybody has any questions.

MR. BARRERA: Tell us about the things that OSHA is doing to help small businesses come into compliance.

FEMALE SPEAKER: Well, in Iowa, we're very different in that Iowa has its own OSHA, and the federal OSHA is there to monitor them.

Part of my job is to monitor to make sure that small businesses are being taken care of -- if you ever have any questions. I know in Missouri and Nebraska and Kansas -- oh, I blanked where my regional office is -- they have a federal regulation, but in Iowa we are state (inaudible).

MR. BARRERA: Thank you. To give OSHA some credit, I actually met with John Henshaw who is the head of OSHA. They are actually doing -- the Department of Labor and OSHA, (inaudible) local outreach to small business and, in fact, there is an 800 number.

You can go to the Department of Labor website at www.dol.gov. You can go to their website and you can get information about all the different departments in Labor, like OSHA, Wage & Hour, and they have compliance assistance programs for people that you can actually access and get help from the Department of Labor.

We actually have someone from the FCC.

MR. MALLINEN: My name is Eric Mallinen. I'm from the Federal Communications Commission, where I'm a senior staff attorney. The FCC likes to attend one or two hearings per year, and I'm happy to have attended in the past, and to be here today to see you as well.

I'm just quickly going to go over some materials I left out there -- just take a minute or so. For those of you

who aren't here presently and have the hard copies, I'll indicate where they are, they're on our website.

As with many agencies, we've put just about everything on the website today. So, if you can get online on your own computer, or at Kinko's, or some such place, well, you've got a wealth of information from my agency.

I'd like to thank the Ombudsman's office. I'd like to point out the handouts in turn, just to keep this quick.

First is just an organizational chart and so forth of what we do, indicating bureaus and offices. We operate by bureaus and offices. Substantive areas, we have a Bureau for International, Bureau for Common (Inaudible) -- telephones and so forth.

Another for media, including cable. Another for wireless, including cellular and other kinds of hand-held devices. For your various questions you can go to those substantive areas.

We also have an Enforcement Bureau, since about the year 2000, where all of our enforcement stuff is centralized. Our website -- and here is where you can find the documents, is www.fcc.gov.

Go to the enforcement bureau and they'll have a lot of (inaudible) documents, how we view cases and so on. That's what we're talking about here today, enforcement actions as well as compliance. That's the web site.

I work for the Small Business Office called the Office of Communications Business Opportunities. You can reach us on a new e-mail we've created, ocboinfo@fcc.gov. All these things will be visible on the website, as well.

An enforcement process handout here describing how we use warning letters and so forth to carry out -- warning and inquiry letters -- to carry out information, give people a chance to change their practices before coming forward with any kind of notice of (inaudible) liability and the like.

The third document I'll mention is something we've used since very late 2000 -- December 2000. It's called, Reminder to Small Businesses. It's from an FCC news release, "SBA's Office of the National Ombudsman is available to assist with federal enforcement matters."

And it describes a few of the topics of great interest to the Ombudsman's office over the past few years. Non-retaliation; the FCC won't retaliate if you complain to us about something we've done in the area of enforcement. By the way, that's against the law anyway but it's nice to see it in black

and white.

Also, Expedition of Request; if you have a request and think you're going to go out of business, as we've heard -- because an agency's dragging it's feet, at least the FCC -- you can ask, and we have people who through training will try to expedite your request.

Last, but not least, this news release gives general information on hearings, such as this one, and the other Ombudsman programs. So, with that, thank you, sir.

MR. BARRERA: I want to thank Congressman King. He's been through these proceedings throughout the whole time. He's going to have to catch a plane here, real quick and he wants to be sure and thank you all. I want to give him a chance to say a couple of words before he leaves.

CONGRESSMAN KING: Thank you, Michael. I want to thank everyone who has participated in this Roundtable today, and all of those who took time away from your business to testify here.

I can tell you that I and my staff will take a look at each one of the testimonies that were brought before this Roundtable today. I'm sure that will also be the case for the Small Business Administration as it is the purpose for this Roundtable, for that matter.

I wanted to bring out one other thing.. We have heard from several different people in business on the effect of regulations on their business.

I want to announce to you, that in light of these issues, and trying to address them from the broad scope, last week, on Thursday, I cosponsored a bill, it's called HR 110, the Congressional Responsibility Act.

What it recognizes is that for the first 150 years of the existence of the United States, Congress did not hand over to the bureaucrats of the executive branch, the authority to establish rules and regulations.

And, sometime in the '20s and in the '30s, the Supreme Court held that Congress could delegate that authority to the executive branch.

I tell you, I think the executive branch has a very important role to play with rules and regulations, and they should be there at the table, in fact they should be writing those rules and regulations. But, it's Congress' responsibility to legislate and it's Congress' responsibility to approve the rules and regulations.

So HR 110, the Congressional Responsibility Act,

simply requires that all rules and regulations will take effect only when they've been brought before Congress and approved by Congress in an expedited procedure.

What it does is that it gives an opportunity for the business community and country to take a look at these 5,000 pages of regulations that you'll see -- it will be written in the year 2003, and identify those pieces of regulations that are particularly objectionable, or we're happy if you applaud them, as well. Doesn't happen often, but we're happy if you do.

Then be able to present to us in Congress and point out those things that need to be changed. At that point, when the rules and regulations come before Congress, we have an opportunity to amend them or vote them down, and start all over again. That puts the responsibility back where it belongs, with the elected officials.

Bureaucrats have a tough job and one of their jobs is to try and understand what it is that we've asked them to do when we write the laws.

It caught my attention because of six years in the Iowa senate -- we write pretty carefully (inaudible) legislation in the state legislature.

The intent should be very clear. The rules that are written -- there are still plenty, but they aren't anything close to the magnitude of federal regulations.

In Washington, we write one general law, and it will cover a lot of territory and then we assume that the bureaucrats are going to write into the rules the nuances of our intent.

(Inaudible) support for Congress to ratify that, and I've cosponsored this important legislation. That is the way we can go down the path and lift the burden of regulation from you.

We're going to take a look at each one of these individual requests that you've made today. This has been very profitable for me to be here in Cedar Rapids today, a chance to get wired in with you all over the region, and also to build that network so that I can work with the very helpful Small Business Administration.

They are an agency that's here to help you and not one that's here to regulate you -- but to help you. They've been essential to the formation and development of entrepreneurial small business for a long, long time.

By the way, it's my understanding that on August 1, there will be a celebration, because it will commemorate the 50th anniversary of the founding of the Small Business Administration.

Hopefully, the reenactment will take place in, I believe, Abilene, Kansas, on that day, and I hope I can tune in from somewhere -- I won't be in their region at that time.

Thanks very much to all of you who have participated. The hospitality here in Cedar Rapids -- those of you who took time out of your busy lives to provide some input into government. It's our job now to listen, and again, thanks Mr. Barrera for your service to America. Thank you very much.

MR. BARRERA: Congressman, thank you. We appreciate your coming.

(Applause)

MR. BARRERA: That's not all. We're going to invite one of small businesses' friends, and that's the IRS.

(Laughter)

Actually, IRS has been our friends here, lately believe it or not, as far as small business.

MR. LAUGRIN: Thank you. I'd just like to say a few words, then I'll pass it over to another IRS individual from IRS headquarters.

I'm Mike Laugrin. I work in the state of Iowa. My position is Taxpayer Education/Communications. This function was established as a result of the Tax Reform Act of 1998.

What we did is that we took a look at the filings of taxpayers to see what IRS could do to make it more user-friendly, and to be more responsive to the needs of taxpayers.

What we came up with is that there are three stages; there's the filing, the post filing, which a lot of people deal with us in the collection of auto-process, and (inaudible) time which is called pre-filing.

We figured if we could meet with taxpayers in a pre-filing stage, talk to new businesses when they are forming and formulating, talk with banks with the small business development centers, SBA and various groups, and pass on education and communication through leverage partners, if we could get to businesses in the initial stages and prevent them from having problems filing returns with us, or in the other part of the process, the post-filing, to do items to avoid an audit or the collection procedures. So that is our role and responsibility.

We have a very good website, very user-friendly. We push people towards our website because we do have limited staffing.

One of the things we are doing right now, we have a meeting set up in Des Moines on June 25th. We have invited

folks from SBA, we have invited heads of all the practitioner groups throughout the state of Iowa, and some educators.

We are going to go over the tax provisions of the jobs in the (Inaudible) Act of 2003 that was recently passed, and communicate some very valuable provisions in this tax act for the small business owners throughout the state of Iowa.

That's all I have. If anyone ever needs to contact me, I'm in the Des Moines office. My name and number is on the website. Please feel free to give me a call.

We are very interested in helping small businesses in the up-front process to prevent any problems with the Internal Revenue Service at a later date. Thank you.

MR. KNOTT: Good afternoon. I'm Gary Knott. I'm from the National Taxpayer Advocates Office. One of the things we have available for small businesses, we can help with individual issues and problems that occur in local offices for small businesses, and there is one in each office, the local taxpayer advocates office.

In addition, my office works on issues that are more systemic in nature that affect small business. We're interested in legislative ideas and things that are giving businesses problems with regulations that we already have out there, and seeing if there are ways we can adjust those. I just want to make sure that those were available.

It was nice today, not to have a case actually involving the IRS. The last time we were here, Michael handed off four problems to me that we were able to work through. Thank you very much.

MR. BARRERA: Thank you, Gary. Anyone here from the USDA? (Inaudible). Okay, come on up. You had a couple of issues today.

MR. KEVITCH: My name is (Inaudible) Kevitch. I'm a Consumer Safety Officer with the Food Safety Inspection Service. Our headquarters is the Des Moines District, and we cover the states of Iowa and Nebraska.

Currently, Consumer Safety Officers for the Des Moines District are performing comprehensive food safety assessments.

We are doing this in what we classify as small plants. A small plant for us is a plant that has between 11 and 500 employees. Towards the end of July, we're also going to be doing these assessments in very small plants. Those plants are those that have employees between one and 10. These assessments affect only plants that produce fresh beef products for small and commerce.

Consumer Safety Officers also act as Ombudsmen with the small and very small plants. The Food Safety Inspection Service also has created the Office of Communications. That office supplies guidance and materials to these small and very small plants.

For further information, you can contact our district office or ask any inspector if you're from an official establishment, and they will give you assistance on how to contact consumer safety officers. Thank you.

MR. BARRERA: Thank you. Wendell Bailey, are you here?

MR. BAILEY: Good to see you in Iowa.

MR. BARRERA: Good to see you.

MR. BAILEY: My name is Wendell Bailey, and we're taking a course in Des Moines, and I just want to tell you, Michael, that we really appreciate your coming to Iowa and Region VII.

Of course, Sam Jones and I work closely together and we appreciate the very cordial relationship that you, Michael, and Hector Berreto, have with the Chief Counsel, Tom Sullivan.

Of course, we're working on future regulations and trying to prevent putting into place those that have a detrimental affect on small business, and we're trying to get the agency to recognize that they should be looking at those regulations in the future and considering those detrimental aspects on small business, before they are put into place. That's what Tom Sullivan is working very hard, very diligently to do in Washington, D.C.

We also have, by the way here, Michael, the Department of Labor and I think their representative might want to say hello to you, and, of course, the State Ombudsman.

So if you'll stay with us for a moment, the Department of Labor will come on and then the State Ombudsman and his small business assistant. We also have George Royce who is the Director of Administrative Rule here in Des Moines.

So, I think all four of those people may want to say hello to you and talk about their aspects.

MR. BARRERA: Okay, before you get off, Wendell, one of the things that advocacy's been working on is model legislation pursuant to the Act that created my office and the Act that Wendell's office works with. It's called the Model Regulatory Flexibility Act.

I know that many states are adopting it because, what

we find is in many instances that federal regulators will enforce federal rules. But states have small businesses (inaudible) based state regulators, and many states do not have rules or offices similar to ours. I know that in this region, Missouri is close to passing it.

Wendell, you may want to talk about that Act in the four-state area here.

MR. BAILEY: Well, we have it on the governor's desk in Missouri. We're not sure if he's going to sign it or veto it, but we're hopeful he'll recognize the importance of small business and sign it.

We also are working on the (inaudible), Michael, with each of the other three states -- Nebraska, Iowa and Kansas -- to introduce that legislation in the upcoming sessions. It's a hot topic that's continuing, and we're getting awfully good support from state legislators who understand the issue.

MR. BARRERA: If anybody needs that model legislation, they can contact (inaudible) or contact any of our offices, and we'll be sure to get that to you. Let's go on to the state ombudsman. (Inaudible) with you, Wendell? Here we go.

MALE SPEAKER: I'm Bill (Inaudible), the Iowa State Ombudsman, and we have handled complaints from Iowa citizens in our office for over 30 years. For the last eight or nine years, I've had the good fortune of having an assistant for small business, Christie (Inaudible), who is on the opposite side of the table from me.

We have handled hundreds of business-related complaints dealing with the Iowa government, both at the state and local level.

Also, sitting next to Christie is Joe Woods who is the past legal counsel for the Iowa Legislative Administrative Rules Review Committee, which does do what Congressman King is introducing at the national level.

In Iowa we review the rules and they have to go through an Administrative Rules Review Committee hearing process.

I'd like to quickly turn it over to Christie and Joe, so that Iowans can know who to contact at the state level, and also to thank Michael and your staff for this opportunity.

I think that it's extremely important that Iowa citizens, and especially Iowa business people, know that there are aspects of government that can help them in their times of need, and we try to do that in an impartial and objective

manner. One of the true measures of that is to have effective change.

I think that Christie (Inaudible), a former small business owner herself, has done that for the last eight years. Christie..

MR. BARRERA: Hello, Christie.

MALE SPEAKER: We're not hearing you. Push your button. Okay, we can hear you now.

FEMALE SPEAKER: Again, I'm the assistant for small business for the State Ombudsman's office. As (Inaudible) indicated, I have been a (inaudible) Iowa small business for 18 prior to taking this position with (inaudible).

I truly understand the (inaudible) between keeping stockholders, and bankers happy, and employees happy and customers happy. The last thing you want to do after working 100 hours (inaudible). So, we're here to help people and I hope you realize it.

MR. BARRERA: Thank you. Again, we have another person from the office here.

MR. WOODS: Hello, I'm Joe Woods and I work for the Rules Review Committee here in Iowa. The legislature (inaudible) created a committee (inaudible). And every interim rule that goes through (inaudible) has to be reviewed by the legislative committee.

The point is, that it's not only an opportunity for the legislators to look at rule-making, but it's also an open forum for anybody who is interested in state rule-making to come forward and really speak their piece in front of the legislature and, indeed, the governor's office, as well.

You look at rules that are going through the process currently, and you can also go back (inaudible) and look at rules that have been in effect one, two or even ten years.

So we invite anybody in the audience who is concerned with state rule-making to keep in mind the rules (inaudible). The legislature meets monthly, and we're always willing to look at whatever rule-making issue comes up. Thank you.

MR. BARRERA: Thank you. Do we have some other people from federal agencies that are there?

MALE SPEAKER: (Off mike).

MS. MCLAUGHLIN: Hello, my name is Crystal McLaughlin, and I'm the District Director with the U.S. Department of Labor, Wage & Hour Division, the division, nationwide (inaudible).

We have also learned that we need to get the word out about how a company might comply with our laws. We have set up, of course, a website at www.dol.gov with all kinds of information about Department of Labor, Wage & Hour Division.

We have entered into a partnership with employers and associations, participated in seminars, and we have mailed out information to people who have had confrontation with employers. We also do enforcement actions that include conciliation and investigation.

We do recognize that prevention of violations is the most important thing. That's what we're here to mention today.

(Inaudible) we have employers who, for whatever reason, choose not to comply with the law (inaudible) back up for that.

We are interested in getting the word out to as many people as possible (inaudible) that the laws (inaudible). (Inaudible) help employers in understanding the laws (inaudible). Thank you.

MR. BARRERA: We do appreciate that. Are there any other federal agencies there in Des Moines? Did we skip --

MALE SPEAKER: I think that's it from here, Michael. Thank you very much. I don't think there's anyone else.

MR. BARRERA: We want to thank everybody from all the different -- anybody else have anything they want to say?

MALE SPEAKER: (Off mike).

MR. BARRERA: We appreciate everybody participating in this. This is such a great event. Again, this is something we've never done before and we've had a lot of great testimony from a lot of different people.

I think you pointed out something very important there, that prevention is so important. It's much less stressful on a federal employee, I think you would agree, to actually help you come into compliance, than to sit there and try and enforce something against you. That just creates animosity.

I think it's so important that we create this cooperative spirit rather than one that is just combative.

(Whereupon, the foregoing proceedings were concluded)